

**CITY OF ALLEN PARK
WAYNE COUNTY, MICHIGAN
Report on Financial Statements
For the Fiscal Year Ended
June 30, 2008**

CITY OF ALLEN PARK
Report on Financial Statements
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July 1, 2007 to June 30, 2008

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Independent Auditors' Report

To the Mayor and Elected Officials of the Council
City of Allen Park
16850 Southfield Road
Allen Park, MI 48101

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allen Park, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Allen Park, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

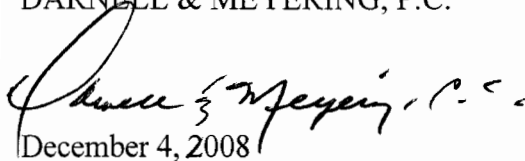
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allen Park, Michigan, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages vii-xii and 51-65, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Allen Park, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

DARNELL & MEYERING, P.C.



December 4, 2008

City of Allen Park
Management's Discussion and Analysis (MD&A)
Year ended June 30, 2008

OVERVIEW OF FINANCIAL STATEMENTS

The City of Allen Park, Michigan (the "City") 2008 annual financial report is presented in conformity with the requirements of GASB Statement No. 34. This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplemental information and other supplemental information. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's status. The remaining statements are fund financial statements that focus on individual parts of the City's operations.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the City that are principally supported by revenues received from the State of Michigan and the taxpayers of the City of Allen Park.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into six categories. They are:

- A. General Government – General
- B. Special Revenue – Major and Local Streets, Sidewalk, Building, Drug Law Enforcement, and Library.
- C. Debt Service – 2003 Community Center Construction Debt.

D. Capital Projects – Capital Improvement.

E. Enterprise – Water & Sewer.

F. Trust and Agency – Pension Trust, Public Employee Health and Tax Collection.

All other funds are component units (see pages 14 and 15 of the notes to the financial statements).

Financial Highlights

The General Fund reported revenue in excess of expenditures of \$1,613,092, resulting in an increase in the General Fund's fund balance to \$4,472,267. Of this amount, \$3,457,604 is unreserved and undesignated, or 15.7 percent, of General Fund expenditures.

The City was able to settle the labor contracts with the collective bargaining units. This was one of the factors that allowed the City to greatly reduce the amount being spent on attorney fees, as well as institute departmental restructuring efforts that allow for an overall reduction in general expense due to operational improvements and efficiencies.

Through an in depth budget process for the City's 2009 budget, expenses were examined in great detail to establish the purpose and necessity. Revenue streams were also reviewed and new ones were created. This analysis not only drove the 2009 budget but was also injected in the 2008 activities.

Beginning with the fiscal year ending June 30, 2009, the City will be required to recognize the actuarial determined liability on its balance sheet for purposes of GASB 45. Early estimates have determined that the present value of the future benefits for current and retired participants is approximately \$70,000,000. Currently, the City has approximately 1,068,121 set aside to offset this growing liability.

Governmental Activities

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$86,553,328 in the current year compared to \$88,369,171 in the prior year.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of a number of transactions including the net results of its activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the period ended June 30, 2008 and 2007:

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current Assets	\$ 9,878,939	\$ 6,921,577	\$ 5,998,840	\$ 7,640,395	\$ 15,877,779	\$ 14,561,972
Noncurrent Assets	87,231,735	90,611,591	45,071,323	43,280,913	132,303,058	133,892,504
Total Assets	<u>97,110,674</u>	<u>97,533,168</u>	<u>51,070,163</u>	<u>50,921,308</u>	<u>148,180,837</u>	<u>148,454,476</u>
Liabilities and Net Assets						
Current Liabilities	3,192,451	1,561,881	4,956,909	4,440,577	8,149,360	6,002,458
Noncurrent Liabilities	7,364,895	7,602,116	23,328,518	25,245,606	30,693,413	32,847,722
Total Liabilities	<u>10,557,346</u>	<u>9,163,997</u>	<u>28,285,427</u>	<u>29,686,183</u>	<u>38,842,773</u>	<u>38,850,180</u>
Net Assets						
Invested in Capital Assets						
Net of Related Debt	80,653,588	83,932,924	16,460,429	14,887,230	97,114,017	98,820,154
Contributed Capital	-	-	-	939,764	-	939,764
Restricted	263,489	-	1,833,365	1,796,803	2,096,854	1,796,803
Unrestricted	5,636,251	4,436,247	4,490,942	3,611,328	10,127,193	8,047,575
Total Net Assets	<u>\$ 86,553,328</u>	<u>\$ 88,369,171</u>	<u>\$ 22,784,736</u>	<u>\$ 21,235,125</u>	<u>\$ 109,338,064</u>	<u>\$ 109,604,296</u>

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2008 and 2007:

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
General Revenues	\$ 23,231,348	\$ 23,077,565	\$ 2,728,715	\$ 3,619,247	\$ 25,960,063	\$ 26,696,812
Charges for Services	3,691,020	3,675,497	6,576,729	6,144,105	10,267,749	9,819,602
Operating Grants & Contributions	541,654	465,053	394,167	219,338	935,821	684,391
Capital Grants & Contributions	-	-	-	-	-	-
Total Revenues	27,464,022	27,218,115	9,699,611	9,982,690	37,163,633	37,200,805
Program Expenses including Indirect Expenses						
General Government	7,222,241	8,602,049	-	-	7,222,241	8,602,049
Public Safety	10,110,067	9,720,267	-	-	10,110,067	9,720,267
Highways and Streets	3,953,098	2,988,632	-	-	3,953,098	2,988,632
Sanitation	1,998,482	1,826,077	-	-	1,998,482	1,826,077
Recreation and Culture	1,704,622	1,521,984	-	-	1,704,622	1,521,984
Interest Expense	292,402	298,739	-	-	292,402	298,739
Unallocated Depreciation Expense	3,998,953	4,093,896	-	-	3,998,953	4,093,896
Water and Sewer	-	-	8,150,000	6,665,020	8,150,000	6,665,020
Total Expenses	29,279,865	29,051,644	8,150,000	6,665,020	37,429,865	35,716,664
Change in Net Assets	\$ (1,815,843)	\$ (1,833,529)	\$ 1,549,611	\$ 3,317,670	\$ (266,232)	\$ 1,484,141

Capital Asset and Debt Administration

The City of Allen Park's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$128,559,929 (net of accumulated depreciation). This investment in capital assets includes land, buildings and sites, improvements, machinery and equipment, furniture and fixtures, vehicles, and infrastructure. The total decrease in the City of Allen Park's investment in capital assets for the current fiscal year was 2.85 percent, which resulted primarily from the current year depreciation expense.

Major capital asset events during the current fiscal year included the following:

- New vehicles and equipment were purchased in the amount of \$367,202, and \$239,777 of vehicles and equipment was disposed.
- A new computer system and accounting software were installed in the amount of \$191,021.
- The installation of a new tower meter system and software, amounting to \$456,936, was installed to improve the efficiency of the water distribution system in the City.

More detailed information about capital assets can be found in Note 5 to the financial statements.

The following table presents information regarding the outstanding debt:

	Governmental Activities	Business-Type Activities	2008 Total	2007 Total
General Obligation Bonds	\$ 6,250,000	\$ 5,490,000	\$ 11,740,000	\$ 12,050,000
Notes Payable	9,409	-	9,409	21,251
Compensated Absences	1,349,883	58,381	1,408,264	1,603,466
Judgment Bonds	-	19,696,503	19,696,503	21,336,102
Totals	<u>\$ 7,609,292</u>	<u>\$ 25,244,884</u>	<u>\$ 32,854,176</u>	<u>\$ 35,010,819</u>

Current Economic Conditions

The City continues to maintain positive fund balances in each of its funds. The major sources of revenue for the City are property taxes and state shared revenue. While the City's taxable value of property has increased slightly, it has not grown at the same rate as other expenditures (e.g. health care.) In addition, the State of Michigan continues to use reductions in state shared revenue as a means to alleviate their budget deficits.

The City continues to plan long term, balancing cost reductions with the challenge of continuing to provide the current level of services provided to the community. The long term plan was developed by the Administration; and is commonly referred to as the Five Phase Revitalization Plan. Its goal is to bring new growth and ongoing financial stability to the City. The First and Second Phase occurred during the time 2007-2008 fiscal year. The First Phase included a significant restructuring of the City Departments as well as benefit programs. The Second Phase was an aggressive review of the expense activities and revenue streams within the City's operations. An assessment was conducted to account for the risks and benefits of each. The final step was to assign specific management oversight and accountability to each respectively.

Economic Factors and Next Year's Budget

The State of Michigan continues its economic struggles, with unemployment and foreclosure rates climbing. As the City has continued to reduce its workforce and restructure many of its departments, it must continue to look at ways to reduce its operating costs further. With potential reductions in state-shared revenue, increasing health care costs and reductions in property tax revenue due to the current economy, the pressure to maintain a responsible fund balance continues. As a result of the current market conditions, the City is anticipating unprecedented increases in the contributions required to fund the pension trust fund.

However, it should be recognized that the City has made dramatic improvements in operational efficiencies, creating new revenue generating programs and achieving cost reductions on existing programs through negotiations, (e.g. health care) which all played a roll in the financial success outlined in this annual audit report.

The City remains acutely aware of the existing as well as future economic factors facing the State of Michigan. In recognizing these realities, Phase Three of the Revitalization Plan is expected to come to fruition during the fourth quarter of the next budget year. Phase Three is a comprehensive and strategic effort focusing solely on Economic Development. Should the Administration be successful, Phase Three shall result in commercial growth, residential growth, and job growth which is the true solution of the economic challenges.

Contacting the City's Management

This financial report is intended to provide citizens, taxpayers, customers and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. For additional questions about this report or additional information, requests should be directed to the City Administrator (313) 928-2473 or mail to 16850 Southfield Road, Allen Park, MI 48101.

City of Allen Park
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Current assets:				
Cash and cash equivalents	\$ 9,425,115	\$ 2,491,317	\$ 11,916,432	\$ 5,934,337
Receivables:				
Taxes (net)	-	774,744	774,744	-
Other	202,818	677,410	880,228	-
Interest	655	-	655	24,899
Due from agency funds	1,922	-	1,922	-
Internal balances, governmental & business-type	(56,882)	56,882	-	-
Inventory	-	68,104	68,104	165
Prepaid expenses	303,144	1,926,305	2,229,449	22,321
Restricted cash and cash equivalents	-	-	-	108,685
Current portion of bond discount	2,167	4,078	6,245	-
Total current assets	<u>9,878,939</u>	<u>5,998,840</u>	<u>15,877,779</u>	<u>6,090,407</u>
Noncurrent assets:				
Restricted cash and cash equivalents	263,489	3,381,647	3,645,136	-
Capital assets not being depreciated	39,704,448	30,000	39,734,448	262,765
Capital assets being depreciated, amortized	149,840,221	56,712,679	206,552,900	29,162,182
Less accumulated depreciation, amortization	(102,631,672)	(15,095,747)	(117,727,419)	(5,435,516)
Bond discount, net of current portion	55,249	42,744	97,993	-
Total noncurrent assets	<u>87,231,735</u>	<u>45,071,323</u>	<u>132,303,058</u>	<u>23,989,431</u>
Total assets	<u>\$ 97,110,674</u>	<u>\$ 51,070,163</u>	<u>\$ 148,180,837</u>	<u>\$ 30,079,838</u>

Liabilities And Net Assets

Current liabilities:

Accounts payable and other current liabilities	\$ 1,635,234	\$ 1,071,110	\$ 2,706,344	\$ 73,024
Accrued interest payable	96,096	173,889	269,985	193,195
Due to fiduciary fund	783,409	-	783,409	-
Deferred revenue	433,315	1,795,544	2,228,859	-
Current portion of compensated absences	134,988	5,838	140,826	-
Current portion of note payable	9,409	-	9,409	-
Current portion of bonds payable	100,000	1,910,528	2,010,528	945,000
Total current liabilities	<u>3,192,451</u>	<u>4,956,909</u>	<u>8,149,360</u>	<u>1,211,219</u>

Noncurrent liabilities:

Compensated absences, net of current portion	1,214,895	52,543	1,267,438	-
Bonds payable, net of current portion	6,150,000	23,275,975	29,425,975	20,630,000
Total noncurrent liabilities	<u>7,364,895</u>	<u>23,328,518</u>	<u>30,693,413</u>	<u>20,630,000</u>
Total liabilities	<u>10,557,346</u>	<u>28,285,427</u>	<u>38,842,773</u>	<u>21,841,219</u>

Net assets:

Invested in capital assets net of related debt	80,653,588	16,460,429	97,114,017	2,523,116
Restricted for:				
Sick payout - designated	263,489	-	263,489	-
GOLT debt - 2002	-	190,015	190,015	-
Replacement - basin/sewer	-	1,350,172	1,350,172	-
Water improvement	-	211,885	211,885	-
Meter maintenance	-	81,293	81,293	-
Debt service	-	-	-	2,342,583
Unrestricted	5,636,251	4,490,942	10,127,193	3,372,920
Total net assets	<u>\$ 86,553,328</u>	<u>\$ 22,784,736</u>	<u>\$ 109,338,064</u>	<u>\$ 8,238,619</u>

City of Allen Park
Statement of Activities
Year Ended June 30, 2008

Functions/programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions		Primary Government			
				Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Governmental activities:									
General government	\$ 7,222,241	\$ 3,691,020	\$ 92,939	\$ -	\$ -	\$ (3,438,282)	\$ -	\$ (3,438,282)	\$ -
Public safety	10,110,067	-	448,715	-	-	(9,661,352)	-	(9,661,352)	-
Highway and streets	3,953,098	-	-	-	-	(3,953,098)	-	(3,953,098)	-
Sanitation	1,998,482	-	-	-	-	(1,998,482)	-	(1,998,482)	-
Recreation and culture	1,704,622	-	-	-	-	(1,704,622)	-	(1,704,622)	-
Interest expense	292,402	-	-	-	-	(292,402)	-	(292,402)	-
Unallocated depreciation expense	3,998,953	-	-	-	-	(3,998,953)	-	(3,998,953)	-
Total governmental activities	29,279,865	3,691,020	541,654	-	-	(25,047,191)	-	(25,047,191)	-
Business-type activity:									
Water and sewer	8,150,000	6,576,729	394,167	-	-	-	(1,179,104)	(1,179,104)	-
Total primary government	\$ 37,429,865	\$ 10,267,749	\$ 935,821	\$ -	\$ -	\$ (25,047,191)	\$ (1,179,104)	\$ (26,226,295)	\$ -
Component units:									
Downtown Development Authority	984,746	-	-	-	-	-	-	-	(984,746)
Building Authority	83,807	-	-	-	-	-	-	-	(83,807)
Housing Commission	297,051	-	112,518	-	-	-	-	-	(184,533)
Brownfield Redevelopment	1,156,511	-	-	-	-	-	-	-	(1,156,511)
Total component units:	\$ 2,522,115	\$ -	\$ 112,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,409,597)

Net (Expense) Revenue and Changes in Net Assets
Primary Government

	Governmental Activities	Business-Type Activities	Total	Component Units
General revenues:				
Property taxes	\$ 13,875,391	\$ 2,002,355	\$ 15,877,746	\$ 3,334,997
State-shared revenues	5,573,421	-	5,573,421	-
Rentals	-	-	-	368,990
Investment earnings	698,814	498,956	1,197,770	176,945
Miscellaneous	2,874,547	225,894	3,100,441	44
Special item - gain on sale of capital assets	209,175	1,510	210,685	-
Total general revenues	23,231,348	2,728,715	25,960,063	3,880,976
Change in net assets	(1,815,843)	1,549,611	(266,232)	1,471,379
Net assets - beginning	88,369,171	21,235,125	109,604,296	6,767,240
Net assets - ending	\$ 86,553,328	\$ 22,784,736	\$ 109,338,064	\$ 8,238,619

The accompanying notes are an integral part of the financial statements

City of Allen Park
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash & cash equivalents	\$ 6,228,600	\$ 3,460,004	\$ 9,688,604
Receivables:			
Due from other governmental units	202,818	655	203,473
Due from other funds	369,491	56,978	426,469
Prepaid expenditures	290,605	12,539	303,144
Total assets	<u>\$ 7,091,514</u>	<u>\$ 3,530,176</u>	<u>\$ 10,621,690</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 477,980	\$ 304,404	\$ 782,384
Accrued payroll and other liabilities	563,443	-	563,443
Due to other funds	897,269	367,569	1,264,838
Due to other governments	1,065	-	1,065
Deferred revenue	400,000	33,315	433,315
Escrow funds and deposits	279,490	8,852	288,342
Total liabilities	<u>2,619,247</u>	<u>714,140</u>	<u>3,333,387</u>

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:			
Designated for debt service	-	142,052	142,052
Designated for solid waste	724,058	-	724,058
Designated for subsequent years	-	768,820	768,820
Reserved for prepaid expenditures	290,605	12,539	303,144
Unreserved, undesignated	3,457,604	1,892,625	5,350,229
Total fund balances	<u>4,472,267</u>	<u>2,816,036</u>	<u>7,288,303</u>
Total liabilities and fund balances	<u>\$ 7,091,514</u>	<u>\$ 3,530,176</u>	<u>\$ 10,621,690</u>
Total governmental fund balances			<u>\$ 7,288,303</u>
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
The cost of capital assets is		\$ 189,544,669	
Accumulated depreciation is		<u>(102,631,672)</u>	
			86,912,997
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			(1,349,883)
Compensated absences and severance benefits			(6,201,993)
Bonds and notes payable (net of discount)			<u>(96,096)</u>
Accrued interest payable is not included as a liability in governmental funds.			
Net assets of governmental activities			<u>\$ 86,553,328</u>

The accompanying notes are an integral part of the financial statements

City of Allen Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2008

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 12,690,811	\$ 1,184,580	\$ 13,875,391
Intergovernmental:			
State	3,867,063	1,724,408	5,591,471
Federal and State grants	92,939	448,715	541,654
District court	2,453,396	-	2,453,396
Local sources	-	36,787	36,787
Fees	1,372,191	339,100	1,711,291
Interest income	568,116	130,698	698,814
Other revenue	2,346,043	-	2,346,043
Total revenues	<u>23,390,559</u>	<u>3,864,288</u>	<u>27,254,847</u>
Expenditures:			
Current:			
Sanitation	2,022,477	-	2,022,477
General government	6,463,461	1,102,523	7,565,984
Public safety	9,974,635	-	9,974,635
Public service	1,856,238	2,203,953	4,060,191
Recreation and culture	1,704,622	-	1,704,622
Debt service:			
Principal retirements	11,842	100,000	111,842
Interest	1,975	290,163	292,138
Capital outlay	-	295,153	295,153
Total expenditures	<u>22,035,250</u>	<u>3,991,792</u>	<u>26,027,042</u>
Excess of revenues over expenditures	<u>1,355,309</u>	<u>(127,504)</u>	<u>1,227,805</u>
Other financing sources (uses):			
Interfund transfers in	45,000	628,000	673,000
Interfund transfers out	-	(673,000)	(673,000)
Proceeds from sale of fixed assets	212,783	30,345	243,128
Total other financing sources (uses):	<u>257,783</u>	<u>(14,655)</u>	<u>243,128</u>
Net change in fund balances	1,613,092	(142,159)	1,470,933
Fund balances:			
Beginning of year	2,859,175	2,958,195	5,817,370
End of year	<u>\$ 4,472,267</u>	<u>\$ 2,816,036</u>	<u>\$ 7,288,303</u>

The accompanying notes are an integral part of the financial statements

City of Allen Park
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2008

Net change in fund balances - total governmental funds	\$ 1,470,933
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(3,998,953)
Capital outlay	641,728
Gain on asset disposals	209,175
Proceeds from sale of assets	(243,128)

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).

Principal payments on bonds and notes payable	111,842
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Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.

Accrued interest payable beginning of the year	97,999
Accrued interest payable end of the year	(96,096)
Amortization of bond discount increases interest expense in the statement of activities	(2,167)

Compensated absences are reported on the accrual method in the statement of activities. However, in the governmental funds, compensated absences are recorded as an expenditure when the financial resources are used.

Accrued compensated absences beginning of the year	1,342,707
Accrued compensated absences end of the year	<u>(1,349,883)</u>

Change in net assets of governmental activities	<u>\$ (1,815,843)</u>
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City of Allen Park
Proprietary Funds
Statement of Net Assets
June 30, 2008

	Water and Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,491,317
Accounts receivable	677,410
Tax roll:	
Current	769,906
Due from Wayne County	4,838
Due from general fund	56,882
Inventory	68,104
Prepaid bond expense	1,914,041
Prepaid Insurance	12,264
Current portion bond discount	4,078
Total current assets	<u>5,998,840</u>
Noncurrent assets:	
Restricted cash and cash equivalents	3,381,647
Capital assets	56,742,679
Less accumulated depreciation	(15,095,747)
Bond discount, net of current portion	42,744
Total noncurrent assets	<u>45,071,323</u>
Total assets	<u>\$ 51,070,163</u>

The accompanying notes are an integral part of the financial statements

City of Allen Park
Proprietary Funds
Statement of Net Assets
June 30, 2008

	Water and Sewer Fund
Liabilities and Net assets	
Current liabilities:	
Accounts payable	\$ 1,043,576
Accrued interest payable	173,889
Accrued payroll	19,192
Deferred revenue	1,795,544
Compensated absences payable	5,838
Deposits payable	8,342
Current portion of bonds payable SRF	1,675,528
Current portion of general obligation bonds payable	235,000
Total current liabilities	<u>4,956,909</u>
Long term liabilities:	
Compensated absences payable	52,543
Bonds payable SRF	18,020,975
General obligation bonds payable	5,255,000
Total long term liabilities	<u>23,328,518</u>
Total liabilities	<u>28,285,427</u>
Net assets:	
Invested in capital assets - net of related debt	16,460,429
Restricted For:	
Reserve for 2002 GOLT debt	190,015
Reserve for replacement - basin/sewer	1,350,172
Reserve for future water improvement	211,885
Reserve for meter maintenance	81,293
Unrestricted	4,490,942
Total net assets	<u><u>\$ 22,784,736</u></u>

The accompanying notes are an integral part of the financial statements

City of Allen Park
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2008

	Water and Sewer Fund
Operating revenues	
Water sales	\$ 2,825,070
Sewage disposal services	3,439,058
Penalties	167,515
Miscellaneous	370,980
Total operating revenues	<u>6,802,623</u>
Operating expenses	
Operating costs	3,350,256
Personal services	1,479,499
Utilities	95,258
Repairs and maintenance	401,329
Supplies and other expenses	703,933
Depreciation	1,292,054
Total operating expenses	<u>7,322,329</u>
Operating income (loss)	<u>(519,706)</u>
Nonoperating revenues (expenses)	
Interest revenue	498,956
Interest expense	(827,671)
Consent judgment - sewers	2,002,355
Gain on sale of assets	1,510
Grant proceeds	394,167
Total nonoperating revenue	<u>2,069,317</u>
Change in net assets	1,549,611
Total net assets - beginning	<u>21,235,125</u>
Total net assets - ending	<u><u>\$ 22,784,736</u></u>

The accompanying notes are an integral part of the financial statements

City of Allen Park
Proprietary Funds
Statement of Cash Flows
For Fiscal Year Ended June 30, 2008

	Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers	\$ 6,344,670
Payments to employees	(1,486,248)
Payments to suppliers	(3,937,005)
Miscellaneous receipts	370,980
Net cash provided by operating activities	<u>1,292,397</u>
Cash flows from non-capital financing activities:	
Grants	394,167
Consent judgment monies received	2,024,750
Payments to other funds	(409,308)
Net cash provided by non-capital activities:	<u>2,009,609</u>
Cash flows from capital and related financing activities:	
Principal and interest paid on bonds	(2,640,193)
Purchase of fixed assets	(1,015,656)
Proceeds from the sale of fixed assets	1,510
Decrease in restricted assets	(49,616)
Net cash (used) by capital and related financing activities	<u>(3,703,955)</u>
Cash flows from investing activities:	
Investment interest	498,956
Net cash provided by investing activities	<u>498,956</u>
Net decrease in cash and cash equivalents	(1,925,263)
Beginning cash and equivalents, July 1, 2007	4,416,580
Ending cash & equivalents, June 30, 2008	<u><u>\$ 2,491,317</u></u>
Reconciliation of operating income to net cash provided (used)	
by operating activities:	
Operating income (loss)	\$ (519,706)
Adjustment to reconcile operating income to net cash provided	
by operating activities:	
Depreciation expense	1,292,054
Decrease in accounts receivable	(7,117)
Increase in tax roll	(228,267)
Decrease in due from Wayne County	145,928
Decrease in inventory	12,863
Increase in prepaid assets	(12,264)
Decrease in accounts payable	613,172
Decrease in accrued payroll	1,594
Increase in compensated absences payable	(8,343)
Increase in deposits payable	2,483
Total adjustments	<u>1,812,103</u>
Net cash provided by operating activities	<u><u>\$ 1,292,397</u></u>

The accompanying notes are an integral part of the financial statements

City of Allen Park
Fiduciary Funds
Statement of Net Assets
Year Ended June 30, 2008

	<u>Pension</u>	<u>Public</u>	<u>Agency Funds</u>
	<u>Pension</u>	<u>Employee</u>	<u>Tax</u>
	<u>Trust</u>	<u>Health</u>	<u>Collection</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Assets			
Assets:			
Cash and cash equivalents	\$ 2,764,769	\$ 271,088	\$ 231,133
Prepaid expenses	-	100,923	-
Due from general fund	-	783,409	-
Accrued interest and dividends	216,669	-	-
Investments - fair value:			
U.S. government obligations	3,657,220	-	-
Domestic stocks	27,113,188	-	-
Mortgage backed securities	9,164,110	-	-
Bonds	10,542,673	-	-
Mutual funds	22,803,215	-	-
Total investments	<u>73,280,406</u>	<u>-</u>	<u>-</u>
Total assets	<u>76,261,844</u>	<u>1,155,420</u>	<u>\$ 231,133</u>
Liabilities and Net Assets			
Liabilities:			
Accounts payable	-	87,299	-
Due to other funds	-	-	1,922
Payable to other governmental agencies	-	-	229,211
Total liabilities	<u>\$ -</u>	<u>\$ 87,299</u>	<u>\$ 231,133</u>
Net assets:			
Held in trust for pension benefits	76,261,844	-	
Restricted for future retiree health benefits	-	1,068,121	
Total net assets	<u>\$ 76,261,844</u>	<u>\$ 1,068,121</u>	

The accompanying notes are an integral part of the financial statements

City of Allen Park
Fiduciary Funds
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

	Pension Trust	Public Employee Health Fund
Additions:		
Contributions: employer		
Police & fire	\$ 827,575	\$ -
General	546,201	1,750,000
Water & basin	200,930	-
24th District Court	299,838	-
Total employer	1,874,544	1,750,000
Plan members	572,876	-
Total contributions	2,447,420	1,750,000
Investment income:		
Net (depreciation) in fair value of investments	(10,682,645)	-
Interest and dividends	2,158,162	19,230
Miscellaneous	16,050	582,060
Gain on sale of investments	2,833,776	
Total investment income (loss)	(5,674,657)	601,290
Less: investment expenses:		
Actuarial services	18,325	-
Legal	3,395	-
Securities lending expenses:		
Agency fee	110,454	-
Miscellaneous	4,288	48,183
Total investment expenses	136,462	48,183
Net investment income (loss)	(5,811,119)	553,107
Total additions (deletions)	(3,363,699)	2,303,107
Deductions:		
Benefits	5,777,066	2,428,971
Refunds	111,141	
Total deductions	5,888,207	2,428,971
Change in net assets (reduction)	(9,251,906)	(125,864)
Net assets - beginning	85,513,750	1,193,985
Net assets - ending	\$ 76,261,844	\$ 1,068,121

The accompanying notes are an integral part of the financial statements

City of Allen Park
Component Units
Statement of Net Assets
June 30, 2008

	Downtown Development Authority	Building Authority	Housing Commission	Brownfield Redevelopment Authority	Total Component Units
Assets:					
Cash and cash equivalents	\$ 3,976,921	\$ 509,715	\$ 192,567	\$ 1,255,134	\$ 5,934,337
Interest receivable	15,045	9,854	-	-	24,899
Inventories	-	-	165	-	165
Prepaid expenses	17,400	-	4,921	-	22,321
Bond discount	-	-	-	108,685	108,685
Capital assets - net	5,921,063	1,389,409	692,634	15,986,325	23,989,431
Total assets	<u>9,930,429</u>	<u>1,908,978</u>	<u>890,287</u>	<u>17,350,144</u>	<u>30,079,838</u>
Liabilities:					
Accounts payable	36,817	-	22,295	999	60,111
Accrued interest payable	71,953	2,278	-	118,964	193,195
Tenants security deposits	-	-	7,818	-	7,818
Payroll and other tax liabilities	2,191	-	2,904	-	5,095
Current portion of bonds payable	325,000	120,000	-	500,000	945,000
Noncurrent liabilities:					
Bonds payable, net of current portion	5,245,000	660,000	-	14,725,000	20,630,000
Total liabilities	<u>5,680,961</u>	<u>782,278</u>	<u>33,017</u>	<u>15,344,963</u>	<u>21,841,219</u>
Net assets:					
Invested in capital assets - net of related debt	351,063	609,409	692,634	870,010	2,523,116
Restricted for:					
Debt service	1,207,412	-	-	1,135,171	2,342,583
Unrestricted	2,690,993	517,291	164,636	-	3,372,920
Total net assets	<u>\$ 4,249,468</u>	<u>\$ 1,126,700</u>	<u>\$ 857,270</u>	<u>\$ 2,005,181</u>	<u>\$ 8,238,619</u>

The accompanying notes are an integral part of the financial statements

City of Allen Park
Component Units
Statement of Activities
Year Ended June 30, 2008

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Building Authority	Housing Commission	Brownfield Redevelopment Authority	Total
Downtown Development Authority								
Governmental activities:								
General government	\$ 327,961	\$ -	\$ -	\$ (327,961)	\$ -	\$ -	\$ -	\$ (327,961)
Interest & fiscal charges	218,754	-	-	(218,754)	-	-	-	(218,754)
Depreciation expense	438,031	-	-	(438,031)	-	-	-	(438,031)
Total Downtown Development Authority	984,746	-	-	(984,746)	-	-	-	(984,746)
Building Authority	83,807	-	-	-	(83,807)	-	-	(83,807)
Housing Commission	297,051	-	-	-	-	(184,533)	-	(184,533)
Brownfield Redevelopment Authority	1,156,511	-	-	-	-	-	(1,156,511)	(1,156,511)
Total component units	\$ 2,522,115	\$ 112,518	\$ -	(984,746)	(83,807)	(184,533)	(1,156,511)	(2,409,597)
General revenues:								
Property taxes	\$ 1,337,817	\$ -	\$ -	\$ 1,337,817	\$ -	\$ -	\$ 1,997,180	\$ 3,334,997
Rentals	-	-	-	-	190,000	178,990	-	368,990
Interest	128,537	-	-	128,537	24,686	4,064	19,658	176,945
Miscellaneous	44	-	-	44	-	-	-	44
Total general revenues:	1,466,398	-	-	1,466,398	214,686	183,054	2,016,838	3,880,976
Change in net assets	481,652	-	-	481,652	130,879	(1,479)	860,327	1,471,379
Net assets - beginning	3,767,816	-	-	3,767,816	995,821	858,749	1,144,854	6,767,240
Net assets - ending	\$ 4,249,468	\$ -	\$ -	\$ 4,249,468	\$ 1,126,700	\$ 857,270	\$ 2,005,181	\$ 8,238,619

The accompanying notes are an integral part of the financial statements

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Allen Park conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of the significant accounting policies used by the City of Allen Park:

A. Reporting Entity

The City of Allen Park was incorporated under the laws of the State of Michigan and is governed by an elected seven-member council (Board). The accompanying financial statements present the government and its component units. As defined by GASB *Statement No. 14*, component units are entities for which the government is considered to be financially accountable. The discretely presented component units are reported in aggregate in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The City's discretely presented component units are presented below:

Component Unit: Allen Park Downtown Development Authority

Reporting: Special Revenue Fund

Brief Description:

Act 197 of the Public Acts of 1975 of the State of Michigan, commonly referred to as the Downtown Development Authority Act, was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of the authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of Michigan communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated projects or in concert with privately motivated development projects. The manner in which downtown development authorities chose to make use of these tools does, of course, depend on the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its business area.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Component Unit: Allen Park Building Authority

Reporting: Special Revenue Fund

Brief Description:

The Allen Park Building Authority has constructed and funded, by use of bonding, the 24th District Court Building.

Complete financial statements of the Allen Park Building Authority can be obtained directly from their administrative office located at the following address:

Allen Park Building Authority
16850 Southfield Road
Allen Park, MI 48101

Component Unit: Allen Park Housing Commission

Reporting: Enterprise Fund

Brief Description:

The Allen Park Housing Commission was formed to develop senior citizens housing. A senior citizen apartment complex was developed on Champaign Street in Allen Park, Michigan. The complex is funded partially by the U.S. Department of Housing and Urban Development (HUD) and rental fees received from the tenants.

Component Unit: Brownfield Redevelopment Authority

Reporting: Special Revenue Fund

Brief Description:

The Brownfield Redevelopment Authority was created, pursuant to Public Act 381 of 1996, to promote revitalization of environmentally distressed areas within the City. The Brownfield Redevelopment Authority is funded primarily by property tax revenue captures. The Brownfield Redevelopment Authority is governed by a seven-member board that is appointed by the mayor and confirmed by the City Council.

All the information obtained from the above discretely presented component units are included in the audited annual financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the City.

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

- d. **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected to follow private guidance issued after November 30, 1989 for its proprietary fund. The City's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net assets is to report those activities that generally result from exchange transactions, such as payments received from providing services and payments made for services or goods received. The following is a description of the proprietary funds of the City:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB *Statement No. 34* sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The City did not elect to add funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

The City reports the following major governmental funds:

1. **General fund** – see above for description.

The City reports the following major proprietary funds:

1. **Water and Sewer fund** – Accounts for activities associated with providing water and sewer services to the public.

Additionally, the City reports the following nonmajor funds:

Special Revenue Funds:

1. **Motor Vehicle Highway – Major fund** - Accounts for the revenues and expenditures related to the maintenance of major streets located in the City limits.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

2. **Motor Vehicle Highway – Local fund** – Accounts for the revenues and expenditures related to the maintenance of the local streets located in the City limits.
3. **Sidewalk Fund** – Accounts for the revenue and expenditures related to the maintenance of the City's sidewalks.
4. **Building Fund** – Accounts for the revenues and expenditures related to building inspections throughout the City.
5. **Drug Law Enforcement Fund** – Accounts for the revenue and expenditures for maintaining and enforcing laws related to drug use and prevention.
6. **Library Fund** – Accounts for the revenue and expenditures related to the operation of the City's library.

Capital Projects Fund

1. **Capital Improvement Fund** – Accounts for the revenues and expenditures relating to the construction of major capital assets.

Debt Service Fund

1. **Community Center Debt Fund** – Accounts for the debt service related to the bonds issued for the construction of an addition to present community center.

The City reports the following Fiduciary funds:

1. **Pension Fund** – Accounts for the activities of the City's employee retirement system, which accumulates resources for pension benefit payments to qualified employees.
2. **Public Employee Health Fund** – Accounts for the payments of retiree health benefits.
3. **Tax Collection Fund** – Accounts for the collection and distribution of real and personal property taxes levied during the fiscal year.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the GASB. The government has elected to also follow the private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer fund and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary fund relates to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less of the date acquired by the City.

The City reports its investments according to GASB *Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* and GASB *Statement No. 40 "Deposit and Investment Risk Disclosures"*. Under these standards, certain investments are stated at fair value based on quoted market prices; other investments are stated at cost or amortized cost, except for investments in the pension trust fund, which are reported at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/due from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Ad Valorem Taxes -All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Real and personal property taxes are levied on each July 1st and December 1st on the taxable valuation of the city as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. The City Charter limits the ad valorem tax rate for operating purposes to 12.5 mills of valuation. The ad valorem rate during the year was 10.59 mills.

Inventories and Prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets – Certain proceeds of the enterprise fund revenues are set aside for purposes of funding the replacement of water and sewer mains.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there was no interest expense that was capitalized as part of the cost of assets under construction.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building and Site Improvements	20-30 years
Water and Sewer Lines	40-60 years
Roads and Other Infrastructures	40 years
Vehicles	5-10 years
Machinery & Equipment	5-20 years

Compensated Absences – It is the City’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts as other financing sources (uses). Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt services expenditures.

Fund Equity – In the fund financial statements, government funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates – The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City prepares its annual budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

All agencies of the government submit their requests for appropriation to the City Administrator so that a budget may be prepared. The budget is prepared by fund, function, and department, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

The proposed budget is presented to the City's council for review. The council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. During the year, supplementary appropriations were necessary.

B. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2008, expenditures exceeded appropriations in the following general fund accounts:

<u>Function</u>	<u>Amount by which expenditures exceeded appropriations</u>
General Fund:	
Mayor & Council	1,648
Police	121,144
Recreation	95,292
Debt service	13,817

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Pension Trust and Public Employee Health Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City's cash and investments are deposited and invested in accordance with its investment policy, which is in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City minimizes custodial credit risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits funds. The amount of deposits with each institution is assessed to determine the level of risk it may pose to the City in relation to deposits in excess of insured amounts. The assessments are performed by the City at least annually. As of June 30, 2008, the City's carrying amount of deposits for the general government, restricted and unrestricted, and its fiduciary funds were \$15,996,528 and \$498,775 respectively. Of those amounts, \$100,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$16,395,303 was uninsured and uncollateralized. As of October 3, 2008, the FDIC increased the amount it will insure up to \$250,000.

The carrying amount of deposits for the City's discretely presented component units was \$5,844,876 and of those amounts, \$303,005 was covered by the Federal Deposit Insurance Corporation and \$5,541,871 was uninsured and uncollateralized.

Interest Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities if match to a specific cash flow, other than commercial paper which can only be purchased with a 270 maturity. At year end, the City's pension funds had \$3,657,220 invested in U.S. Treasury Obligations with an average maturity of 8.57 years, \$9,164,110 invested in mortgage backed securities with an average maturity of 20.29 years, and \$10,542,673 invested in corporate bonds with an average maturity of 9.15 years.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings by nationally recognized statistical rating organizations. As of year end, the credit quality ratings of debt securities are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
U.S. Government Obligations	\$ 3,657,220	AAA	Moody's
Mortgage Backed Securities	9,164,110	Not Rated	N/A
Corporate Bonds	3,699,143	AAA	Moody's
Corporate Bonds	83,615	AA1	Moody's
Corporate Bonds	690,944	AA2	Moody's
Corporate Bonds	930,487	AA3	Moody's
Corporate Bonds	969,493	A1	Moody's
Corporate Bonds	576,144	A2	Moody's
Corporate Bonds	690,961	A3	Moody's
Corporate Bonds	1,057,880	BAA1	Moody's
Corporate Bonds	968,151	BAA2	Moody's
Corporate Bonds	382,064	BAA3	N/A
Corporate Bonds	493,791	N/A	N/A
Common Stocks	27,113,188	N/A	N/A
Mutual Funds	<u>22,803,215</u>	N/A	N/A
Total Investments	<u>\$ 73,280,406</u>		

Concentration of Credit Risk

The City's Pension Trust and Public Employee Health Care Fund places no limit on the amount the City may invest in any one issuer except that cash shall not exceed 10% of the total assets of the retirement system.

Foreign Currency

The City's Pension Trust Fund listed under credit risk above by rating includes investments in foreign bonds in U.S. dollars of \$663,226. These bonds are rated by Moody's at A1 to BAA2.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

NOTE 4 - RECEIVABLES

Receivables at June 30, 2008 consist of the following:

	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Receivables:			
Taxes (Net)	\$ -	\$ 774,744	\$ 774,744
Accounts	-	677,410	677,410
District Court	198,029	-	198,029
Interest	655	-	655
Wayne County Block Grant	<u>4,789</u>	<u>-</u>	<u>4,789</u>
Total Receivables	<u>\$ 203,473</u>	<u>\$ 1,452,154</u>	<u>\$ 1,655,627</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the City for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 39,704,448	\$ -	\$ -	\$ 39,704,448
Subtotal	<u>39,704,448</u>	<u>-</u>	<u>-</u>	<u>39,704,448</u>
Capital assets being depreciated:				
Buildings and site	14,106,284	83,506	-	14,189,790
Leasehold improvements	120,379	-	-	120,379
Land improvements	1,910,369	-	-	1,910,369
Furniture and equipment	6,016,146	228,563	42,132	6,202,577
Vehicles	3,141,008	329,659	197,645	3,273,022
Infrastructure	<u>124,144,084</u>	<u>-</u>	<u>-</u>	<u>124,144,084</u>
Subtotal	<u>149,438,270</u>	<u>641,728</u>	<u>239,777</u>	<u>149,840,221</u>
Total Governmental Activities	<u>189,142,718</u>	<u>641,728</u>	<u>239,777</u>	<u>189,544,669</u>
Less: Accumulated depreciation for:				
Buildings and site	6,927,445	239,444	-	7,166,889
Leasehold improvements	96,304	6,019	-	102,323
Land improvements	865,121	72,723	-	937,844
Furniture and equipment	4,729,039	335,980	32,324	5,032,695
Vehicles	2,423,378	241,185	173,500	2,491,063
Infrastructure	<u>83,797,256</u>	<u>3,103,602</u>	<u>-</u>	<u>86,900,858</u>
Subtotal	<u>98,838,543</u>	<u>3,998,953</u>	<u>205,824</u>	<u>102,631,672</u>
Net capital assets being depreciated	<u>50,599,727</u>	<u>(3,357,225)</u>	<u>33,953</u>	<u>47,208,549</u>
Capital assets-net of depreciation	<u>\$ 90,304,175</u>	<u>\$ (3,357,225)</u>	<u>\$ 33,953</u>	<u>\$ 86,912,997</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Capital Asset activity for Component Units was as follows:

Downtown Development Authority

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 64,715	\$ -	\$ -	\$ 64,715
Subtotal	<u>64,715</u>	<u>-</u>	<u>-</u>	<u>64,715</u>
Capital assets being depreciated:				
Buildings	210,521	-	-	210,521
Furniture and equipment	17,816	-	-	17,816
Site improvements	<u>7,329,523</u>	<u>1,328,750</u>	<u>-</u>	<u>8,658,273</u>
Subtotal	<u>7,557,860</u>	<u>1,328,750</u>	<u>-</u>	<u>8,886,610</u>
Total Governmental Activities	<u>7,622,575</u>	<u>1,328,750</u>	<u>-</u>	<u>8,951,325</u>
Less Accumulated depreciation for:				
Buildings	77,654	5,263	-	82,917
Furniture and equipment	17,677	124	-	17,801
Site improvements	<u>2,496,900</u>	<u>432,644</u>	<u>-</u>	<u>2,929,544</u>
Subtotal	<u>2,592,231</u>	<u>438,031</u>	<u>-</u>	<u>3,030,262</u>
Net capital assets being depreciated	<u>4,965,629</u>	<u>890,719</u>	<u>-</u>	<u>5,856,348</u>
Capital assets-net of depreciation	<u>\$ 5,030,344</u>	<u>\$ 890,719</u>	<u>\$ -</u>	<u>\$ 5,921,063</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Allen Park Building Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Subtotal	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Capital assets being depreciated:				
Buildings	2,029,861	-	-	2,029,861
Furniture and equipment	<u>170,029</u>	<u>-</u>	<u>-</u>	<u>170,029</u>
Subtotal	<u>2,199,890</u>	<u>-</u>	<u>-</u>	<u>2,199,890</u>
Total Governmental Activities	<u>2,299,890</u>	<u>-</u>	<u>-</u>	<u>2,299,890</u>
Less Accumulated depreciation for:				
Buildings	689,705	50,747	-	740,452
Furniture and equipment	<u>170,029</u>	<u>-</u>	<u>-</u>	<u>170,029</u>
Subtotal	<u>859,734</u>	<u>50,747</u>	<u>-</u>	<u>910,481</u>
Net capital assets being depreciated	<u>1,340,156</u>	<u>(50,747)</u>	<u>-</u>	<u>1,289,409</u>
Capital assets-net of depreciation	<u>\$ 1,440,156</u>	<u>\$ (50,747)</u>	<u>\$ -</u>	<u>\$ 1,389,409</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Allen Park Housing Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 68,050	\$ -	\$ -	\$ 68,050
Subtotal	<u>68,050</u>	<u>-</u>	<u>-</u>	<u>68,050</u>
Capital assets being depreciated:				
Buildings	798,396	-	-	798,396
Building improvements	656,984	5,660	-	662,644
Furniture and equipment	18,153	-	-	18,153
Computers and machinery	88,911	-	-	88,911
Subtotal	<u>1,562,444</u>	<u>5,660</u>	<u>-</u>	<u>1,568,104</u>
Total Governmental Activities	<u>1,630,494</u>	<u>5,660</u>	<u>-</u>	<u>1,636,154</u>
Less: Accumulated depreciation for:				
Buildings	627,573	19,960	-	647,533
Building improvements	184,833	28,889	-	213,722
Furniture and equipment	12,669	1,229	-	13,898
Computers and machinery	58,529	9,838	-	68,367
Subtotal	<u>883,604</u>	<u>59,916</u>	<u>-</u>	<u>943,520</u>
Net capital assets being depreciated	<u>678,840</u>	<u>(54,256)</u>	<u>-</u>	<u>624,584</u>
Capital assets-net of depreciation	<u>\$ 746,890</u>	<u>\$ (54,256)</u>	<u>\$ -</u>	<u>\$ 692,634</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in progress	-	10,000	-	10,000
Subtotal	<u>20,000</u>	<u>10,000</u>	<u>-</u>	<u>30,000</u>
Capital assets being depreciated:				
Buildings	2,309,191	-	-	2,309,191
Site improvements	51,839,684	956,130	-	52,795,814
Meter installation	217,600	-	-	217,600
Machinery and equipment	1,373,091	49,526	32,543	1,390,074
Subtotal	<u>55,739,566</u>	<u>1,005,656</u>	<u>32,543</u>	<u>56,712,679</u>
Total Business-Type Activities	<u>55,759,566</u>	<u>1,015,656</u>	<u>32,543</u>	<u>56,742,679</u>
Less Accumulated depreciation for:				
Buildings	781,158	112,744	-	893,902
Site improvements	11,623,644	1,107,730	-	12,731,374
Meter installation	212,021	2,281	-	214,302
Machinery and equipment	1,219,413	69,299	32,543	1,256,169
Subtotal	<u>13,836,236</u>	<u>1,292,054</u>	<u>32,543</u>	<u>15,095,747</u>
Net capital assets being depreciated	<u>41,903,330</u>	<u>(286,398)</u>	<u>-</u>	<u>41,616,932</u>
	<u>\$ 41,923,330</u>	<u>\$ (276,398)</u>	<u>\$ -</u>	<u>\$ 41,646,932</u>

Business-type activities:

Water	\$ 1,103,956
Sewer	155,555
Total business-type activities depreciation expense	<u>\$ 1,259,511</u>

In Business-Type activities, the following estimated useful lives are used to compute depreciation:

Mains	50 Years
Equipment	5-10 Years
Vehicles	4 Years
Hydrants	50 Years

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

NOTE 6 - INTANGIBLE ASSETS

Intangible asset activity for the City for the current year was as follows:

Brownfield Redevelopment Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Intangible assets being amortized:				
Incentive development costs	-	16,537,578	-	16,537,578
	-	16,537,578	-	16,537,578
Total Governmental Activities	-	16,537,578	-	16,537,578
Less Accumulated Amortization for:				
Incentive development costs	-	551,253	-	551,253
	-	551,253	-	551,253
Total Accumulated Amortization	-	551,253	-	551,253
Intangible assets-net of amortization	-	15,986,325	-	15,986,325

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of inter-fund balances is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 369,491	MVH - Major Fund	\$ 24,783
		MVH - Local Fund	342,785
		School & County Tax Fund	1,923
	<u>369,491</u>		<u>369,491</u>
Building Fund	774	General Fund	774
Library Fund	38,724		38,724
Community Center Debt Fund	17,480		17,480
Water & Sewer Fund	56,883		56,883
Public Employee Health Fund	783,408		783,408
	<u>897,269</u>		<u>897,269</u>
D.D.A. Operating Fund	<u>43,362</u>	D.D.A. Construction Fund	<u>43,362</u>
Total	<u>\$ 1,310,122</u>		<u>\$ 1,310,122</u>

Transfers From/To Other Funds

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 45,000	Library Fund	\$ 45,000
MVH - Local	628,000	MVH - Major	628,000
D.D.A Bond Debt Fund	<u>575,000</u>	D.D.A. Operating Fund	<u>575,000</u>
Total	<u>\$ 1,248,000</u>		<u>\$ 1,248,000</u>

The Library Fund transferred \$45,000 to a general fund for a portion of loan repayment.

The MVH Fund major transferred to MVH local to assist in repairing local roads.

The DDA Bond Debt Fund transferred an amount for debt payments.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued) -

NOTE 8 – LONG-TERM DEBT

General Obligation Bonds – The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund both general obligations and revenue bonds.

General obligations bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 25-year serial bonds, except for refunding issues, with equal amounts of principal maturing each year. Judgment bonds are bonds issued to finance an amount to be paid or collected by the City as the result of a court decision. General obligations bonds and judgment bonds currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Amount Outstanding June 30, 2008</u>
Governmental Activities	-	
General Obligation Bonds		
2003 Community Center Bonds	3.0% - 5.0%	\$ 6,250,000
Compensated Absences		1,349,883
Note Payable		9,409
		<hr/>
Total Governmental Activities		<u>\$ 7,609,292</u>
Business-Type Activities		
General Obligation Bonds		
2002 Limited Tax Construction Bonds	3.8% - 4.7%	1,800,000
2005 Limited Tax Construction Bonds	3.5% - 4.2%	3,690,000
Compensated Absences		58,381
Judgment Bonds		
1999 Series A (Refunded)	4.8% - 5.1%	1,621,823
1999 Series B	2.0% - 2.5%	1,050,853
SRF Bonds		17,023,827
		<hr/>
Total Business Type Activities		<u>25,244,884</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Annual debt service requirements to maturity for the above obligations are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 109,409	\$ 287,056	\$ 1,910,528	\$ 717,284
2010	100,000	282,663	1,961,224	662,448
2011	125,000	278,288	2,021,096	605,651
2012	125,000	273,163	2,088,376	546,765
2013	125,000	268,163	2,151,998	485,077
2014-2018	825,000	1,254,138	9,996,918	1,551,484
2019-2023	1,075,000	1,049,713	4,301,363	472,634
2024-2028	1,475,000	759,631	755,000	47,295
2029-2033	1,850,000	356,213	-	-
2034	450,000	11,250	-	-
Totals	<u>\$ 6,259,409</u>	<u>\$ 4,820,278</u>	<u>\$ 25,186,503</u>	<u>\$ 5,088,638</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 6,350,000	\$ -	\$ 100,000	\$ 6,250,000	\$ 100,000
Note payable	21,251	-	11,842	9,409	9,409
Compensated absences	1,536,742	84,055	270,914	1,349,883	134,988
Total governmental activity long-term liabilities	<u>\$ 7,907,993</u>	<u>\$ 84,055</u>	<u>\$ 382,756</u>	<u>\$ 7,609,292</u>	<u>\$ 244,397</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 5,700,000	\$ -	\$ 210,000	\$ 5,490,000	\$ 235,000
Judgment bonds	21,336,102	-	1,639,599	19,696,503	1,675,528
Compensated absences	66,724	-	8,343	58,381	5,838
Total business-type activity long-term liabilities	<u>\$ 27,102,826</u>	<u>\$ -</u>	<u>\$ 1,857,942</u>	<u>\$ 25,244,884</u>	<u>\$ 1,916,366</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Component Unit Long Term Debt:

Downtown Development Authority

2003 Refunding Bonds \$ 1,370,000

Annual debt service requirements to maturity for general obligation bonds of the Downtown Development Authority are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2009	\$ 215,000	\$ 44,621
2010	220,000	38,090
2011	225,000	30,578
2012	230,000	22,500
2013	240,000	13,860
2014	240,000	4,680
Totals	\$ 1,370,000	\$ 154,329

2005 Downtown Development Bonds \$ 4,200,000

Fiscal Year Ending June 30,	Principal	Interest
2009	\$ 110,000	\$ 168,280
2010	120,000	164,705
2011	125,000	160,805
2012	135,000	156,430
2013	140,000	151,705
2014-2018	1,190,000	652,940
2019-2023	1,625,000	376,658
2024-2025	755,000	49,975
Totals	\$ 4,200,000	\$ 1,881,498

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

The Allen Park Building Authority

Revenue Bonds: The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2008 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2003 Building Authority Refunding Bonds	3 – 3.8 %	\$ 780,000

Revenue bond debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 120,000	\$ 27,332
2010	125,000	23,732
2011	130,000	19,546
2012	130,000	14,996
2013	135,000	10,316
2014	140,000	5,320
Totals	<u>\$ 780,000</u>	<u>\$ 101,242</u>

Brownfield Redevelopment Authority

2007 Redevelopment Bonds \$ 15,225,000

Annual debt service requirements to maturity for general obligation bonds of the Brownfield Redevelopment Authority are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 500,000	\$ 713,782
2010	500,000	693,782
2011	500,000	673,782
2012	500,000	653,782
2013	500,000	632,532
2014-2018	2,525,000	2,837,910
2019-2023	2,900,000	2,266,218
2024-2028	3,675,000	1,473,750
2029-2032	3,625,000	463,750
Totals	<u>\$ 15,225,000</u>	<u>\$ 10,409,288</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Changes in long-term liabilities – Component Units

Long-term liability activity, by component unit, for the fiscal year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Downtown Development Auth.					
Bonds payable:					
General obligation bonds	\$ 5,885,000	\$ -	\$ 315,000	\$ 5,570,000	\$ 325,000
Allen Park Building Authority					
Bonds payable:					
Revenue bonds	-	15,710,000	485,000	15,225,000	500,000
Allen Park Building Authority					
Bonds payable:					
Revenue bonds	<u>895,000</u>	<u>-</u>	<u>115,000</u>	<u>780,000</u>	<u>120,000</u>
Total long-term liabilities - Component Units	<u>\$ 6,780,000</u>	<u>\$ 15,710,000</u>	<u>\$ 915,000</u>	<u>\$ 21,575,000</u>	<u>\$ 945,000</u>

NOTE 9 – RESERVED AND DESIGNATED FUND BALANCES

The City has reserved fund balances in the following funds:

General Fund:

Prepaid insurance	\$ 290,255
Prepaid expense	<u>350</u>
Total General Fund	<u>\$ 290,605</u>

Other nonmajor governmental funds - Building Fund:

Prepaid insurance	\$ 1,125
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Other nonmajor governmental funds - Library Fund:

Various supplies & materials	<u>11,414</u>
Total other nonmajor governmental funds	<u>\$ 12,539</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

The City has designated fund balances in the following funds:

General Fund - Rubbish Collection	<u>\$ 724,058</u>
Other nonmajor governmental funds - Community Center Debt Fund:	
Debt service	\$ 142,052
Subsequent years expenditures	5,450
Other nonmajor governmental funds - Major Highway Fund:	
Subsequent years expenditures	285,000
Other nonmajor governmental funds - Local Highway Fund:	
Subsequent years expenditures	310,500
Other nonmajor governmental funds - Building Fund:	
Subsequent years expenditures	32,370
Other nonmajor governmental funds - Drug Law Enforcement Fund:	
Subsequent years expenditures	<u>135,500</u>
Total other nonmajor governmental funds	<u>\$ 910,872</u>

NOTE 10 – JOINTLY GOVERNED ORGANIZATION

The City of Allen Park in conjunction with the City of Melvindale governs the 24th District Court. The two cities are referred to as District Control Units (DCU's). The Court receives its operating revenue mainly from fines and fees. Based on a joint agreement the City of Allen Park receives 2/3 of the revenue received by the Court through fines and fees and the City of Melvindale receives 1/3. The Allen Park City Council and the Melvindale City Council approve the Court's annual budget each year and contribute to the Court monthly a share of the annual budget based on the same ratio that revenues are distributed by the Court to the DCU's. A copy of the 24th District Court's separate financial statements can be obtained at 16850 Southfield Road, Allen Park, Michigan. Financial segment information as of and for the year ended June 30, 2008 is presented below.

Total Assets	\$ 607,745
Total Liabilities	140,648
Total Net Assets	467,097
Total Revenue	3,067,264
Total Expenses	3,230,694
Change in Net Assets (Decrease)	(163,430)
Total Outstanding Long-Term Debt	\$ 3,840

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

NOTE 11 – POST-EMPLOYEE HEALTH CARE BENEFITS

In addition to providing pension benefits, the government provides certain insurance benefits for retired employees. Substantially all of the government's employees may become eligible for those benefits if they reach normal retirement age while working for the government. The cost of retiree insurance benefits is recognized as expenditure as claims are paid. This plan is self-funded. The total expenditure for the year ended June 30, 2008 was \$2,428,971.

The Governmental Accounting Standards Board has recently released *Statement No. 45, Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits other than pensions. The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time health care premiums are paid. The new pronouncement is effective for all original Phase 2 Local units (Allen Park) for the fiscal year ending June 30, 2009.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEM

PLAN DESCRIPTION, CONTRIBUTION INFORMATION AND FUNDING POLICIES

The City participates in a multiple-employer public employee retirement system. Assets are held separately and may be used only for the payment of benefits to the members of the plan.

The following is a summary of funding policies, contribution methods and benefit provisions:

	<u>Retirement System</u>	
Year established and Governing authority	1949; City Council Ordinance	
Determination of contribution Requirement	On the basis of the December 31, 2007 actuarial valuation, the employer rates were determined to be as follows:	
	<u>Contributions for</u>	<u>Percents of Active Member Payroll</u>
	Normal cost (Weighted Average)	16.36 %
	Accrued Liabilities	
	(full funding credit)	<u>7.46 %</u>
	Total Employer Rate	<u>23.82 %</u>

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Employer:

City of Allen Park

General 13.94 % of covered payroll

Police-Fire 17.89 % of covered payroll

Water 13.94 % of covered payroll

24th District Court

Court 13.94 % of covered payroll

Plan Members contributions: 6.00 % of covered payroll

Funding of

Administrative costs Investment earnings

Period required to vest 10 years

Eligibility for distribution

General, Water & Court Age 53 with 10 or more years of service (10 years for administrative/appointees).

Police-Fire Age 52 with 10 or more years of service

Provisions for:

Disability benefits Yes

Death benefits Yes

Memberships of the plan are as follows:

Non-vested active members 78

Fully vested active members 70

Retirees and beneficiaries currently receiving benefits 193

Total 341

Annual Required Contributions

Actuarial assumptions and other information used to determine the annual required contribution (ARC) are located in the schedules that are at the conclusion of this note.

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits. The plan held no individual investment (other than U.S. Government and U.S. Government guaranteed obligations) whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (i) help users assess the plan's funding status on a going-concern basis, (ii) assess progress being made in accumulating sufficient assets to pay benefits when due, and (iii) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of December 31, 2007. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.7% to 3.8% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement.

Contribution Required and Contributions Made:

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 15 years.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Schedule of Funding Progress (Dollar amounts in millions)

Actuarial Valuation 12/31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)]/(c)
1993	\$ 31.4	\$ 33.8	\$ 2.4	92.9%	\$ 6.7	35.8 %
1994 * @	35.0	35.7	0.7	98.0	6.9	10.1
1995 *	39.7	39.7	0.0	100.0	7.2	-
1996 *	44.8	42.2	(2.6)	106.2	7.5	-
1997 *	49.5	45.7	(3.8)	108.3	8.5	-
1998 *	56.2	48.7	(7.5)	115.4	9.0	-
1999 *	62.3	54.6	(7.7)	114.1	9.3	-
2000	67.9	58.8	(9.1)	115.5	10.4	-
2001 * @	71.9	62.9	(8.9)	114.3	10.8	-
2002 *	72.4	68.1	(4.3)	106.3	10.8	-
2003	73.5	73.4	(0.1)	100.1	10.5	-
2004 *	76.1	76.8	0.7	99.1	11.0	6.4
2005	77.8	82.9	5.1	93.8	9.8	52.0
2006	81.9	86.3	4.4	94.9	9.3	47.3
2007 *	84.0	90.2	6.2	93.1	8.9	69.7

* Retirement System benefits amended.

@ Revised actuarial assumptions or methods.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Schedule of Employer Pension Contributions:

<u>Year ended December 31</u>	<u>Annual Recommended Contributions*</u>	<u>Actual Contributions</u>	<u>Percent Contributed</u>
1995	937,489	937,643	100.0
1996	796,484	759,774	95.4
1997	843,241	824,087	97.7
1998	757,885	750,645	99.0
1999	799,998	783,153	97.9
2000	684,860	666,474	97.3
2001	879,415	848,414	96.5
2002	943,884	907,141	96.1
2003	883,031	872,008	98.8
2004	1,322,068	1,288,684	97.5
2005	1,721,588 #	1,740,077	101.1
2006	1,846,188 #	1,871,800	101.4
2007	1,983,324 #	N/A	N/A
2008	1,870,102 #	N/A	N/A
2009	2,267,351 # @	N/A	N/A

* Based on valuation payroll at the end of the year. Actual contributions may be based on pay paid throughout the year.

Based on total payroll including DROP participants.

@ Level dollar amortization was used to determine the contribution for the closed General (Water Department and Court) members.

Summary of Actuarial Methods of Assumptions:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2007
Actuarial cost method	Entry Age
Amortization method	Level percent (Police & Fire) Level dollar (General AFSCME)
Remaining amortization period	15 years
Asset valuation method	4-year smoothed market

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

Actuarial assumptions:	-
Investment rate of return	7.5%
Projected salary increases*	4.5%-8.3%
Cost-of-living adjustments	N/A
Payroll growth	4.5%
Group Size Growth	
General	Closed Population
Police & Fire	Stable Population

* Includes inflation at 4.5%

NOTE 13 – DEFERRED COMPENSATION PLAN

The City offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The employees may choose from one of three plans offered by AXA Equitable Life Insurance Company, Nationwide Retirement Solutions, or Hartford Life Insurance Company. The assets of the plans were held in trust, as described in IRC Section 457 (g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial accounts for the beneficiaries of these Section 457 plans, and the assets may not be diverted for any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial accounts from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the City's financial statements.

NOTE 14 – EMPLOYEE DEFINED CONTRIBUTION PLAN

Effective April 1, 2005, a Defined Contribution Plan was established for all new hires, as defined in Article IV of the employee handbook, which will be funded through MERS. The details of this plan are as follows: 7% Employer Contributions; 5% Employee Contributions; 3 years 20%, 4 years 40%, 5 years 60%, 6 years 80% and 7 years 100% vesting; loans are not allowed and rollovers are allowed in the plan. The amount contributed for the year ended June 30, 2008 was \$34,105 (Employer) and \$24,361 (Employee).

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits claims, participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and the Michigan Municipal Risk Management Authority state risk pool for property loss, torts, errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage carried by the City while a participant of the Michigan Municipal Liability and Property Pool.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

CITY OF ALLEN PARK
Notes to the Financial Statements
June 30, 2008
(Continued)

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, and the Authority pays claims up to the retention limits, the ultimate liability for those claims remains with the City.

NOTE 16 – BROWNFIELD REDEVELOPMENT AUTHORITY BONDS

The Brownfield Redevelopment Authority issued bonds in the sum of \$15,710,000 for the costs associated with the establishment and operation of a new commercial/retail development center within the City. The costs, which included incentive fees and other expenses, totaled \$16,537,578 and have been amortized over the life of the bond. The fees were paid to Clay Park Development LLC for their costs associated with the development.

To conform to government accounting standards, the \$16,537,578 has been included as an intangible asset and amortized over 25 years for financial presentation purposes.

In addition, as a direct result of the development, costs for adequate public services including police, fire, ambulance, public works and local infrastructure will be incurred by the citizens of the City of Allen Park. Therefore, an Impact agreement was formed between the City and Clay Park Development LLC (the Owner). This Impact agreement states that the project should not create “excessive additional requirements at public cost for public facilities and services”. To provide the financial support for public safety, ambulance service calls, fire department services and public works/infrastructure and to address any other conditions stated in the agreement, the Owner agreed to pay the City a total of \$4,140,000, of which \$2,140,000 has already paid as of June 30, 2008. The remaining \$1,600,000 will be collected by the City over the next four years. Prior to June 30, 2008, the City received the June 30, 2009 year end payment of \$400,000 which has been recognized as deferred revenue on the governmental funds balance sheet.

REQUIRED SUPPLEMENTAL INFORMATION

City of Allen Park
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 1
July 1, 2007 to June 30, 2008

Account	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Tax collections:				
Current	\$ 12,628,200	\$ 11,992,775	\$ 12,690,811	\$ 698,036
Payment in lieu of taxes	19,000	19,000	-	(19,000)
Total tax	<u>12,647,200</u>	<u>12,011,775</u>	<u>12,690,811</u>	<u>679,036</u>
State of Michigan:				
Highway fund	1,000,000	950,000	1,016,253	66,253
Liquor license fee	17,000	18,050	18,050	-
Smart	-	54,100	54,107	7
Sales tax	<u>2,650,000</u>	<u>2,778,650</u>	<u>2,778,653</u>	<u>3</u>
Total state	<u>3,667,000</u>	<u>3,800,800</u>	<u>3,867,063</u>	<u>66,263</u>
Other revenue:				
Federal grant	150,000	71,475	76,275	4,800
State grant	18,000	16,660	16,664	4
District court	2,300,000	2,453,400	2,453,396	(4)
Local	10,000	10	51	41
Licenses & fees	1,182,500	1,345,985	1,372,191	26,206
Charges for services	1,452,500	1,820,110	2,046,425	226,315
Interest	400,000	543,000	568,116	25,116
Miscellaneous	<u>452,000</u>	<u>640,851</u>	<u>299,567</u>	<u>(341,284)</u>
Total other revenue	<u>5,965,000</u>	<u>6,891,491</u>	<u>6,832,685</u>	<u>(58,806)</u>
Total revenue	<u><u>\$ 22,279,200</u></u>	<u><u>\$ 22,704,066</u></u>	<u><u>\$ 23,390,559</u></u>	<u><u>\$ 686,493</u></u>

City of Allen Park
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 2
July 1, 2007 to June 30, 2008

Activity	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Mayor & council	\$ 77,600	\$ 86,750	\$ 88,398	\$ (1,648)
District court	1,838,600	1,838,600	1,838,568	32
Assessor	255,200	260,325	233,283	27,042
Finance	298,800	314,340	262,363	51,977
City clerk	416,000	449,700	305,086	144,614
Administrator	1,514,100	3,387,320	2,979,301	408,019
Treasurer	146,300	167,825	148,355	19,470
City hall	399,800	662,190	608,107	54,083
Police	5,996,300	6,409,740	6,530,884	(121,144)
Fire	2,484,700	3,833,500	3,443,751	389,749
Public service	1,993,800	1,870,200	1,856,238	13,962
Recreation	1,314,800	1,609,330	1,704,622	(95,292)
Sanitation	2,135,000	2,099,000	2,022,477	76,523
Debt service	-	-	13,817	(13,817)
Total expenditures	<u>18,871,000</u>	<u>22,988,820</u>	<u>22,035,250</u>	<u>953,570</u>
Excess of revenues over (under) expenditures	<u>3,408,200</u>	<u>(284,754)</u>	<u>1,355,309</u>	<u>1,640,063</u>
Other financing sources (uses):				
Sale of fixed assets	-	199,000	212,783	13,783
Transfer from library fund	-	-	45,000	45,000
Total other financing sources (uses)	<u>-</u>	<u>199,000</u>	<u>257,783</u>	<u>58,783</u>
Net change in fund balances	3,408,200	(85,754)	1,613,092	1,698,846
Fund balance - July 1, 2007	<u>2,859,175</u>	<u>2,859,175</u>	<u>2,859,175</u>	<u>-</u>
Fund balance - June 30, 2008	<u>\$ 6,267,375</u>	<u>\$ 2,773,421</u>	<u>\$ 4,472,267</u>	<u>\$ 1,698,846</u>

SUPPLEMENTAL INFORMATION

City of Allen Park
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds					Capital Projects Fund		Debt Service Fund	Total Nonmajor Governmental Funds
	Major Highway Fund	Local Highway Fund	Sidewalk Fund	Building Fund	Drug Law Enforcement Fund	Library Fund	Capital Improvement Fund	Community Center Debt Fund	
Assets:									
Cash and equivalents	\$ 1,455,895	\$ 759,132	\$ 3,435	\$ 73,652	\$ 631,328	\$ 296,621	110,574	\$ 129,367	\$ 3,460,004
Receivables:									
Other	-	-	-	-	-	-	-	655	655
Due from other funds	-	-	-	774	-	38,724	-	17,480	56,978
Prepaid expenditures	-	-	-	1,125	-	11,414	-	-	12,539
Total assets	<u>\$ 1,455,895</u>	<u>\$ 759,132</u>	<u>\$ 3,435</u>	<u>\$ 75,551</u>	<u>\$ 631,328</u>	<u>\$ 346,759</u>	<u>\$ 110,574</u>	<u>\$ 147,502</u>	<u>\$ 3,530,176</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 251,830	\$ 11,506	\$ -	\$ 15,913	\$ 130	\$ 25,025	\$ -	\$ -	\$ 304,404
Due to other funds	24,783	342,786	-	-	-	-	-	-	367,569
Deferred revenue	-	-	-	-	-	33,315	-	-	33,315
Escrow funds and deposit	-	-	-	8,852	-	-	-	-	8,852
Total liabilities	<u>276,613</u>	<u>354,292</u>	<u>-</u>	<u>24,765</u>	<u>130</u>	<u>58,340</u>	<u>-</u>	<u>-</u>	<u>714,140</u>
Fund balances:									
Designated for debt service	-	-	-	-	-	-	-	142,052	142,052
Designated for subsequent years	285,000	310,500	-	32,370	135,500	-	-	5,450	768,820
Reserved for prepaid expenditures	-	-	-	1,125	-	11,414	-	-	12,539
Unreserved, undesignated	894,282	94,340	3,435	17,291	495,698	277,005	110,574	-	1,892,625
Total fund balances	<u>1,179,282</u>	<u>404,840</u>	<u>3,435</u>	<u>50,786</u>	<u>631,198</u>	<u>288,419</u>	<u>110,574</u>	<u>147,502</u>	<u>2,816,036</u>
Total liabilities and fund balances	<u>\$ 1,455,895</u>	<u>\$ 759,132</u>	<u>\$ 3,435</u>	<u>\$ 75,551</u>	<u>\$ 631,328</u>	<u>\$ 346,759</u>	<u>\$ 110,574</u>	<u>\$ 147,502</u>	<u>\$ 3,530,176</u>

City of Allen Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds					Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Major Highway Fund	Local Highway Fund	Sidewalk Fund	Building Fund	Drug Law Enforcement Fund	Library Fund	Capital Improvement Fund	Community Center Debt Fund
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 793,948	\$ -	\$ 390,632
Intergovernmental:								\$ 1,184,580
State	1,256,219	455,005	-	-	-	13,184	-	-
Federal and State grants	-	-	-	-	448,715	-	-	-
Fees	-	-	-	244,189	-	94,911	-	-
Interest income	69,135	12,513	120	6,255	11,299	13,239	9,821	8,316
Local sources	-	-	-	12,868	2,354	2,965	18,600	-
Total revenues	1,325,354	467,518	120	263,312	462,368	918,247	28,421	398,948
								3,864,288
Expenditures:								
Current:								
General government	-	-	1,140	410,355	83,987	606,591	-	450
Highway and streets	865,989	1,337,964	-	-	-	-	-	-
Debt service:								
Principal retirements	-	-	-	-	-	-	-	100,000
Interest	-	-	-	-	-	-	-	290,163
Capital outlay	-	-	-	-	127,171	-	167,982	-
Total expenditures	865,989	1,337,964	1,140	410,355	211,158	606,591	167,982	390,613
								3,991,792
Excess (deficiency) of revenues over expenditures	459,365	(870,446)	(1,020)	(147,043)	251,210	311,656	(139,561)	8,335
								(127,504)
Other financing sources (uses):								
Interfund transfers in	-	628,000	-	-	-	(45,000)	-	-
Interfund transfers out	(628,000)	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	30,345	-	-	-
Total other financing sources (uses)	(628,000)	628,000	-	-	30,345	(45,000)	-	-
								(14,655)
Excess of revenue and other sources over (under) expenditures and other uses	(168,635)	(242,446)	(1,020)	(147,043)	281,555	266,656	(139,561)	8,335
								(142,159)
Fund balances:								
Beginning of year	1,347,917	647,286	4,455	197,829	349,643	21,763	250,135	139,167
End of year	\$ 1,179,282	\$ 404,840	\$ 3,435	\$ 50,786	\$ 631,198	\$ 288,419	\$ 110,574	\$ 147,502
								2,958,195
								\$ 2,816,036

City of Allen Park
Motor Vehicle Highway Fund-Major
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 1
July 1, 2007 to June 30, 2008 ~

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State of Michigan	\$ 1,203,000	\$ 1,256,200	\$ 1,256,219	\$ 19
Interest income	40,000	65,800	69,135	3,335
Total revenues	<u>1,243,000</u>	<u>1,322,000</u>	<u>1,325,354</u>	<u>3,354</u>
Expenditures:				
Maintenance:				
Surface	210,000	555,000	474,812	80,188
Sweeping	70,000	70,000	61,583	8,417
Trees & shrubs	35,000	58,000	53,920	4,080
Roadside clean-up	9,000	9,000	187	8,813
Grass & weeds	28,000	28,000	17,127	10,873
Traffic signs & signals	50,000	64,300	61,834	2,466
Winter maintenance	60,000	71,600	71,597	3
Employee fringe benefits:				
Routine maintenance	46,000	46,000	32,654	13,346
Traffic signals	14,000	42,000	36,374	5,626
Winter maintenance	12,500	12,500	8,432	4,068
Roadside parks:				
Maintenance	18,000	18,000	14,914	3,086
Fringe benefits	8,200	8,200	4,964	3,236
Administration:				
Salaries	60,000	60,000	7,545	52,455
Fringe benefits	35,000	35,000	2,372	32,628
Legal & audit	4,000	4,000	-	4,000
Engineering	12,000	12,000	-	12,000
Subtotal	<u>671,700</u>	<u>1,093,600</u>	<u>848,315</u>	<u>245,285</u>

City of Allen Park
Motor Vehicle Highway Fund-Major
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 2
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (cont'd)				
Other state highway construction:				
I-94 misc. projects	-	3,000	17,674	(14,674)
Total expenditures	<u>671,700</u>	<u>1,096,600</u>	<u>865,989</u>	<u>230,611</u>
Excess of revenues over (under) expenditures	<u>571,300</u>	<u>225,400</u>	<u>459,365</u>	<u>233,965</u>
Other financing sources (uses):				
Transfer to local highway fund	<u>(100,000)</u>	<u>(628,000)</u>	<u>(628,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(628,000)</u>	<u>(628,000)</u>	<u>-</u>
Net change in fund balances	471,300	(402,600)	(168,635)	233,965
Fund balance - July 1, 2007	<u>1,347,917</u>	<u>1,347,917</u>	<u>1,347,917</u>	<u>-</u>
Fund balance - June 30, 2008	<u>\$ 1,819,217</u>	<u>\$ 945,317</u>	<u>\$ 1,179,282</u>	<u>\$ 233,965</u>

City of Allen Park
Motor Vehicle Highway Fund-Local
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 1
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State of Michigan	\$ 474,000	\$ 455,000	\$ 455,005	\$ 5
Interest income	20,000	12,115	12,513	398
Total revenues	<u>494,000</u>	<u>467,115</u>	<u>467,518</u>	<u>403</u>
Expenditures:				
Maintenance:				
Surface	30,000	445,000	476,763	(31,763)
Sweeping	150,000	190,000	183,734	6,266
Trees & shrubs	70,000	145,000	142,617	2,383
Roadside clean-up	15,000	15,000	1,026	13,974
Grass & weeds	40,000	55,000	50,288	4,712
Traffic signals	50,000	60,000	55,107	4,893
Pavement marking	-	-	31	(31)
Winter maintenance	100,000	185,500	185,043	457
Employee fringe benefits:				
Routine maintenance	110,000	110,000	90,120	19,880
Traffic signs	30,000	30,000	23,223	6,777
General Maintenance	-	85,000	83,710	1,290
Winter maintenance	18,000	20,100	20,080	20
Administration:				
Salaries	17,000	17,000	19,766	(2,766)
Fringe benefits	9,000	9,000	6,456	2,544
Legal & audit	2,500	2,500	-	2,500
Total expenditures	<u>641,500</u>	<u>1,369,100</u>	<u>1,337,964</u>	<u>31,136</u>

City of Allen Park
Motor Vehicle Highway Fund-Local
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - 2
July 1, 2007 to June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess of revenues over (under) expenditures	<u>(147,500)</u>	<u>(901,985)</u>	<u>(870,446)</u>	<u>31,539</u>
Other financing sources (uses):				
Transfer from major highway fund	<u>100,000</u>	<u>628,000</u>	<u>628,000</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>628,000</u>	<u>628,000</u>	<u>-</u>
Net change in fund balances	(47,500)	(273,985)	(242,446)	31,539
Fund balance - July 1, 2007	<u>647,286</u>	<u>647,286</u>	<u>647,286</u>	<u>-</u>
Fund balance - June 30, 2008	<u><u>\$ 599,786</u></u>	<u><u>\$ 373,301</u></u>	<u><u>\$ 404,840</u></u>	<u><u>\$ 31,539</u></u>

City of Allen Park
Sidewalk Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Interest income	\$ 200	\$ 115	\$ 120	\$ 5
Total revenues	<u>200</u>	<u>115</u>	<u>120</u>	<u>5</u>
Expenditures				
Miscellaneous	-	1,140	1,140	-
Total expenditures	<u>-</u>	<u>1,140</u>	<u>1,140</u>	<u>-</u>
Net change in fund balance	200	(1,025)	(1,020)	5
Fund balance - July 1, 2007	4,455	4,455	4,455	-
Fund balance - June 30, 2008	<u>\$ 4,655</u>	<u>\$ 3,430</u>	<u>\$ 3,435</u>	<u>\$ 5</u>

City of Allen Park
Building Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Building inspection fees	\$ 380,000	\$ 240,000	\$ 244,189	\$ 4,189
Interest income	7,000	6,250	6,255	5
Rental inspection revenue	15,000	10,000	10,165	165
Other income	3,000	120	2,703	2,583
Total revenues	<u>405,000</u>	<u>256,370</u>	<u>263,312</u>	<u>6,942</u>
Expenditures				
Salaries and fringe benefits	259,500	235,535	238,364	(2,829)
Inspectors	38,000	68,300	68,811	(511)
Operating expense	115,000	120,650	103,180	17,470
Total expenditures	<u>412,500</u>	<u>424,485</u>	<u>410,355</u>	<u>14,130</u>
Net change in fund balance	(7,500)	(168,115)	(147,043)	21,072
Fund balance - July 1, 2007	<u>197,829</u>	<u>197,829</u>	<u>197,829</u>	<u>-</u>
Fund balance - June 30, 2008	<u>\$ 190,329</u>	<u>\$ 29,714</u>	<u>\$ 50,786</u>	<u>\$ 21,072</u>

City of Allen Park
Drug Law Enforcement Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Forfeited monies	\$ 100,000	\$ 434,960	\$ 448,715	\$ 13,755
Interest income	10,000	10,000	11,299	1,299
Miscellaneous	-	2,350	2,354	4
Total revenues	<u>110,000</u>	<u>447,310</u>	<u>462,368</u>	<u>15,058</u>
Expenditures				
Operating supplies	-	65,000	57,352	7,648
Equipment maintenance	-	2,500	1,313	1,187
Vehicle maintenance	-	5,000	2,920	2,080
Education and training	-	10,000	7,592	2,408
Supplies	-	15,000	13,466	1,534
Miscellaneous	-	1,000	543	457
Telephone and communications	-	1,000	801	199
Capital outlay	141,500	141,500	127,171	14,329
Total expenditures	<u>141,500</u>	<u>241,000</u>	<u>211,158</u>	<u>29,842</u>
Excess (deficiency) of revenues over (under) expenditures	(31,500)	206,310	251,210	44,900
Other financing sources (uses):				
Proceeds from sale of fixed assets	-	30,345	30,345	-
Total other financing sources (uses)	<u>-</u>	<u>30,345</u>	<u>30,345</u>	<u>-</u>
Net change in fund balance	(31,500)	236,655	281,555	44,900
Fund balance - July 1, 2007	349,643	349,643	349,643	-
Fund balance - June 30, 2008	<u>\$ 318,143</u>	<u>\$ 586,298</u>	<u>\$ 631,198</u>	<u>\$ 44,900</u>

City of Allen Park
Library Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Current taxes	\$ 796,212	\$ 756,000	\$ 793,948	\$ 37,948
Penalties and fines	33,000	86,840	86,846	6
Local fines	8,500	7,240	8,065	825
State aid	22,000	13,180	13,184	4
Miscellaneous	-	2,960	2,965	5
Interest income	5,000	12,600	13,239	639
Total revenues	<u>864,712</u>	<u>878,820</u>	<u>918,247</u>	<u>39,427</u>
Expenditures:				
Part time personnel services	50,000	66,000	65,640	360
Employer FICA	3,800	4,900	5,177	(277)
Office supplies	11,800	15,000	13,903	1,097
Operating supplies	15,000	20,000	32,656	(12,656)
Administrative fee	37,000	37,000	37,000	-
Library services	335,000	335,000	321,855	13,145
Materials	55,000	70,000	72,502	(2,502)
Telephone	2,500	3,000	3,137	(137)
Utilities	27,500	27,500	24,395	3,105
Building maintenance	40,000	40,000	30,117	9,883
Equipment maintenance	-	500	209	291
Capital outlay	190,000	-	-	-
Total expenditures	<u>767,600</u>	<u>618,900</u>	<u>606,591</u>	<u>12,309</u>
Total revenue over (under) expenditures	<u>97,112</u>	<u>259,920</u>	<u>311,656</u>	<u>51,736</u>
Other financing sources (uses):				
Transfer to General Fund	<u>(75,000)</u>	<u>(75,000)</u>	<u>(45,000)</u>	<u>30,000</u>
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(45,000)</u>	<u>30,000</u>
Net change in fund balance	22,112	184,920	266,656	81,736
Fund balance - July 1, 2007	<u>21,763</u>	<u>21,763</u>	<u>21,763</u>	<u>-</u>
Fund balance - June 30, 2008	<u>\$ 43,875</u>	<u>\$ 206,683</u>	<u>\$ 288,419</u>	<u>\$ 81,736</u>

City of Allen Park
Capital Improvement Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Investment interest	\$ 5,000	\$ 9,600	\$ 9,821	\$ 221
Donations	-	100	100	-
Total revenues	<u>5,000</u>	<u>9,700</u>	<u>9,921</u>	<u>221</u>
Expenditures:				
Capital outlay-finance	-	25,550	25,550	-
Capital outlay-city hall	-	20,000	19,832	168
Capital outlay-police	-	5,100	5,100	-
Capital outlay-fire	-	117,500	117,500	-
Total expenditures	<u>-</u>	<u>168,150</u>	<u>167,982</u>	<u>168</u>
Total revenue over (under) expenditures	<u>5,000</u>	<u>(158,450)</u>	<u>(158,061)</u>	<u>389</u>
Other financing sources (uses):				
Transfer from general fund	100,000	18,500	18,500	-
Total other financing sources (uses)	<u>100,000</u>	<u>18,500</u>	<u>18,500</u>	<u>-</u>
Net change in fund balance	105,000	(139,950)	(139,561)	389
Fund balance - July 1, 2007	<u>250,135</u>	<u>250,135</u>	<u>250,135</u>	<u>-</u>
Fund balance - June 30, 2008	<u>\$ 355,135</u>	<u>\$ 110,185</u>	<u>\$ 110,574</u>	<u>\$ 389</u>

City of Allen Park
2003 Community Center Construction Debt Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Current taxes	\$ 360,000	\$ 360,000	\$ 390,632	\$ 30,632
Investment interest	7,000	7,000	8,316	1,316
Total revenues	<u>367,000</u>	<u>367,000</u>	<u>398,948</u>	<u>31,948</u>
Expenditures:				
Bond principal	100,000	100,000	100,000	-
Bond interest	290,200	290,200	290,163	37
Agency fees	450	450	450	-
Total expenditures	<u>390,650</u>	<u>390,650</u>	<u>390,613</u>	<u>37</u>
Net change in fund balances	(23,650)	(23,650)	8,335	31,985
Fund balance - July 1, 2007	<u>139,167</u>	<u>139,167</u>	<u>139,167</u>	<u>-</u>
Fund balance - June 30, 2008	<u>\$ 115,517</u>	<u>\$ 115,517</u>	<u>\$ 147,502</u>	<u>\$ 31,985</u>

City of Allen Park
Public Employee Health Care Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2007 to June 30, 2008

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment interest		\$ 19,230	\$ 19,230
Miscellaneous	-	582,060	582,060
Total revenues	-	601,290	601,290
Expenditures:			
Hospitalization/optical/dental		2,428,971	(2,428,971)
Miscellaneous	-	48,183	(48,183)
Total expenditures	-	2,477,154	(2,477,154)
Excess of revenues over (under) expenditures	-	(1,875,864)	(1,875,864)
Other financing sources (uses):			
Transfer from General Fund		1,750,000	1,750,000
Total other financing sources (uses)	-	1,750,000	1,750,000
Net change in fund balance	-	(125,864)	4,828,444
Fund balance - July 1, 2006	1,193,985	1,193,985	-
Fund balance - June 30, 2007	<u>\$ 1,193,985</u>	<u>\$ 1,068,121</u>	<u>\$ (125,864)</u>

City of Allen Park
Downtown Development Authority Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Current taxes	\$ 1,348,700	\$ 1,337,800	\$ 1,337,817	\$ 17
Rental income	5,200	-	-	-
Investment interest	50,000	59,600	63,392	3,792
Miscellaneous income	4,000	50	44	(6)
Total revenue	<u>1,407,900</u>	<u>1,397,450</u>	<u>1,401,253</u>	<u>3,803</u>
Expenditures:				
Personal services	60,000	64,000	65,172	(1,172)
Employer FICA	4,600	5,000	5,099	(99)
Employee benefits	4,200	4,200	-	4,200
Office supplies	1,000	1,000	493	507
Operating supplies	1,000	1,000	752	248
Engineering services	100,000	100,000	64,218	35,782
Administrative fee	12,500	12,500	12,500	-
Management services	150,000	150,000	25,289	124,711
Audit & financial service	20,000	20,000	-	20,000
Legal services	10,500	10,500	9,526	974
Site improvements	75,000	75,000	-	75,000
Printing & publishing	1,500	2,500	3,981	(1,481)
Fire & liability insurance	4,000	4,000	-	4,000
Utilities & telephone	22,700	26,700	24,486	2,214
Building maintenance	77,000	77,000	58,054	18,946
Rent	24,000	24,000	22,479	1,521
Memberships & dues	1,800	2,000	1,958	42
Marketing & promotions	40,000	40,000	23,669	16,331
Tax adjustments	29,000	-	-	-
Design committee	150,000	103,950	(10,095)	114,045
Capital Outlay	50,000	50,000	-	50,000
Miscellaneous	15,000	70,000	19,905	50,095
Total expenditures	<u>853,800</u>	<u>843,350</u>	<u>327,486</u>	<u>515,864</u>
Total revenue over (under) expenditures	<u>554,100</u>	<u>554,100</u>	<u>1,073,767</u>	<u>519,667</u>
Other financing sources (uses):				
Transfer to D.D.A. Bond Debt Fund	(575,000)	(575,000)	(575,000)	-
Total other financing sources (uses)	<u>(575,000)</u>	<u>(575,000)</u>	<u>(575,000)</u>	<u>-</u>
Net change in fund balance	(20,900)	(20,900)	498,767	519,667
Fund balance - July 1, 2007	<u>2,312,617</u>	<u>2,312,617</u>	<u>2,312,617</u>	<u>-</u>
Fund balance - June 30, 2008	<u>\$ 2,291,717</u>	<u>\$ 2,291,717</u>	<u>\$ 2,811,384</u>	<u>\$ 519,667</u>

City of Allen Park
Downtown Development Authority
Construction Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Investment interest	\$ 100,000	\$ 48,600	\$ 49,885	\$ 1,285
Total revenues	<u>100,000</u>	<u>48,600</u>	<u>49,885</u>	<u>1,285</u>
Expenditures:				
Construction costs	2,200,000	2,200,000	1,328,750	871,250
Total expenditures	<u>2,200,000</u>	<u>2,200,000</u>	<u>1,328,750</u>	<u>871,250</u>
Net change in fund balance	(2,100,000)	(2,151,400)	(1,278,865)	872,535
Fund balance - July 1, 2007	<u>2,011,095</u>	<u>2,011,095</u>	<u>2,011,095</u>	<u>-</u>
Fund balance - June 30, 2008	<u>\$ (88,905)</u>	<u>\$ (140,305)</u>	<u>\$ 732,230</u>	<u>\$ 872,535</u>

City of Allen Park
1992 D.D.A. Bond Debt Retirement Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Investment interest	\$ 18,000	\$ 14,500	\$ 15,260	\$ 760
Total revenues	<u>18,000</u>	<u>14,500</u>	<u>15,260</u>	<u>760</u>
Expenditures:				
Bond principal	315,000	315,000	315,000	-
Bond interest	221,300	221,550	221,545	5
Agency fees	400	500	475	25
Total expenditures	<u>536,700</u>	<u>537,050</u>	<u>537,020</u>	<u>30</u>
Total revenue over (under) expenditures	<u>(518,700)</u>	<u>(522,550)</u>	<u>(521,760)</u>	<u>790</u>
Other financing sources (uses):				
Transfer from D.D.A. Fund	575,000	575,000	575,000	-
Total other financing sources (uses)	<u>575,000</u>	<u>575,000</u>	<u>575,000</u>	<u>-</u>
Net change in fund balance	56,300	52,450	53,240	790
Fund balance - July 1, 2007	<u>373,505</u>	<u>373,505</u>	<u>373,505</u>	<u>-</u>
Fund balance - June 30, 2008	<u>\$ 429,805</u>	<u>\$ 425,955</u>	<u>\$ 426,745</u>	<u>\$ 790</u>

City of Allen Park
Brownfield Redevelopment Authority Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2007 to June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Current taxes	\$ 1,981,951	\$ 1,997,180	\$ 1,997,180	\$ -
Investment interest	5,000	18,250	19,658	1,408
Total revenues	<u>1,986,951</u>	<u>2,015,430</u>	<u>2,016,838</u>	<u>1,408</u>
Expenditures				
Administration fees	70,000	70,000	2,011	67,989
Bond principal	-	485,000	485,000	-
Bond fees	-	13,045	13,045	-
Bond interest	672,800	466,385	466,385	-
Agency fees	-	325	325	-
Capital outlay	16,450,000	16,537,605	16,537,578	27
Total expenditures	<u>17,192,800</u>	<u>17,572,360</u>	<u>17,504,344</u>	<u>67,989</u>
Excess of revenues over (under) expenditures	<u>(15,205,849)</u>	<u>(15,556,930)</u>	<u>(15,487,506)</u>	<u>(66,581)</u>
Other financing sources (uses):				
Bond proceeds	14,950,000	15,596,780	15,710,000	113,220
Total other financing sources (uses)	<u>14,950,000</u>	<u>15,596,780</u>	<u>15,710,000</u>	<u>113,220</u>
Net change in fund balances	(255,849)	39,850	222,494	46,639
Fund balance - July 1, 2007	<u>1,144,855</u>	<u>1,144,855</u>	<u>1,144,855</u>	<u>-</u>
Fund balance - June 30, 2008	<u>\$ 889,006</u>	<u>\$ 1,184,705</u>	<u>\$ 1,367,349</u>	<u>\$ 46,639</u>

**CITY OF ALLEN PARK
WAYNE COUNTY, MICHIGAN
Comments and Recommendations
For the Fiscal Year Ended
June 30, 2008**

DARNELL & MEYERING, P.C.

Certified Public Accountants

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2008

To the Mayor and Elected Officials of the Council
City of Allen Park
16850 Southfield Road
Allen Park, MI 48101

We have audited the general-purpose financial statements of the City of Allen Park for the year ended June 30, 2008 and have issued our report dated December 4, 2008. As part of our audit, we reviewed the City's accounting procedures and system of internal controls to determine the nature, timing, and extent of the auditing procedures necessary to express an opinion on the annual financial statements.

In planning and performing our audit of the financial statements of the City as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

We would like to comment on the status of the prior year's Comments and Recommendations:

Significant Deficiency

In connection with the City's financial statement audit of the year ended June 30, 2007, the City was required to post the reduction of the SRF Bonds payable to reflect the proper liability. As a result of the City not posting the required journal entry, the City's unadjusted financial statements were misstated by the amount of the unrecorded adjustment to the liability.

Recommendation:

The City has implemented procedures to ensure that posting of the reduction of liability be made instead of expense.

Current Status:

In connection with the City's financial statement of the year ended June 30, 2008, we found that the above significant deficiency has been eliminated.

Legal Noncompliance:

During the audit of the City's June 30, 2007 financial statements, it was noted that the City did not make budget amendments as needed to avoid large variances between budget and actual balances. Significant variances between actual June 30, 2007 balances and budget balances resulted in a violation of the State of Michigan's Uniform Accounting and Budgeting Act.

Recommendation:

The City should implement procedures to obtain council approval and amend the budget when necessary. The City did amend the budget at June 30, 2008 but audit adjustments caused the present overdrafts.

Current Status:

In connection with the City's financial statement of the year ended June 30, 2008, we found that the above legal noncompliance continues to exist.

Our consideration of internal control was for the limited purpose described in the second paragraph above and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Academy's financial statements that is more than inconsequential will not be prevented or detected by the Academy's internal control. We consider the following deficiencies to be control deficiencies:

Control Deficiency:

While testing a random sample of various expenditures, it was noted that the Downtown Development Authority does not have a purchasing policy and does not follow the City of Allen Park's purchasing ordinance. Although the DDA is an autonomous component unit, it should be required to follow the purchasing ordinance that has been adopted by the City of Allen Park.

Recommendation:

The Downtown Development Authority should adopt the same ordinance as the City of Allen Park to ensure proper stewardship of the City's assets.

Response:

The finance director will recommend that the Downtown Development Authority follow the same ordinance for purchasing as is required by the City.

Control Deficiency:

While testing a random sample of various expenditures, we found two invoices that were not approved by a purchase order until after the expenditures had been incurred. The City's purchasing policy/ordinance requires an approved purchase order prior to incurring the expenditure.

Recommendation:

We recommend that all purchase orders be approved prior to submission to vendors for goods, supplies, and services.

Response:

A process has been put in place to recognize all purchase orders to be approved prior to ordering.

Control Deficiency:

During our audit of the various departments' petty cash, we noted that some of the departments were not following the imprest system. The imprest system requires that all cash and invoices equal the total petty cash assigned to that department.

Recommendation:

We recommend that all departments follow the imprest system and reconcile their petty cash on a timely basis.

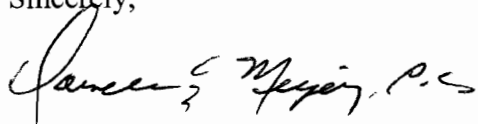
Response:

A procedure has been put in place to have all departments follow the imprest system when utilizing petty cash.

The City of Allen Park's responses to the findings identified in our audit are described above. We did not audit the City's response and, accordingly, we express no opinion on it.

The above comments and recommendations are presented for your consideration. If there are any questions regarding this matter of internal control, we would be glad to discuss it with you at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Darnell & Meyer, P.C.", written in a cursive style.

DARNELL & MEYERING, P.C.